

# EXHIBIT 38

1  
2 IN THE UNITED STATES DISTRICT COURT  
3 FOR THE DISTRICT OF PUERTO RICO  
4 Case No. 17-BK-3283-LTS

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4 In re:

5 THE FINANCIAL OVERSIGHT AND MANAGEMENT  
6 BOARD FOR PUERTO RICO,

7 as representative of

8 THE COMMONWEALTH OF PUERTO RICO, et al.,

Debtors.

9 -----x

Case No. 17-BK-4780-LTS

10 -----x

In re:

11 THE FINANCIAL OVERSIGHT AND MANAGEMENT  
12 BOARD FOR PUERTO RICO,  
13 as representative of  
14 THE PUERTO RICO ELECTRIC POWER AUTHORITY,  
15 Debtor.

-----x

16 May 12, 2023

9:29 a.m.

17  
18 VIDEOTAPED DEPOSITION of FERNANDO  
19 BATLLE, held at the offices of Kramer Levin  
20 Naftalis & Frankel LLP, located at 1177  
21 Avenue of the Americas, New York, New York  
22 10036, before Anthony Giarro, a Registered  
23 Professional Reporter, a Certified Realtime  
24 Reporter and a Notary Public of the State  
25 of New York.

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2 best forecast. But forecasts are not  
3 always right.

4 Q But AAFAF's objective is to  
5 produce the best macroeconomic forecast  
6 that it can; is that fair?

7 A AAFAF's objective is always  
8 to produce the best information and the  
9 best plans it can. That's part of what  
10 their role is as the financial advisor to  
11 the government.

12 Q That's true of the  
13 population forecast as well; is that  
14 fair?

15 A It's true of everything they  
16 do.

17 Q And in this case, AAFAF's  
18 best effort on preparing a population  
19 forecast resulted in a higher population  
20 forecast than what the board produced?  
21 Do I understand you correctly?

22 A Yes. That's the output of  
23 the model, yeah.

24 Q What other -- is there also  
25 a GMP projection or model in what AAFAF

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2 provides the oversight board?

3 A Yes, there is, because it's  
4 part of that. When I say there is a  
5 macroeconomic forecast, that's what that  
6 is, yes.

7 Q And I think you've said  
8 this.

9 But the board then produces  
10 its own macroeconomic forecast for the  
11 final plan; is that right?

12 A That is correct.

13 Q And were there differences  
14 between the macroeconomic forecast  
15 produced by AAFAF versus what the board  
16 ultimately relied on?

17 A Yes. There were  
18 differences.

19 Q So besides the population  
20 difference that we discussed, what other  
21 differences were there?

22 A Well, your question was  
23 specifically about GMP. And the GMP data  
24 or the GMP output in the certified fiscal  
25 plan is lower than the GMP output of the

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2 government's financial model.

3 Q Do you have any -- besides  
4 the general idea that they're different  
5 models, do you have any sense as to why  
6 there's that difference?

7 A Well, there's many factors.  
8 And I'm going to give a couple of general  
9 examples about the assumptions; for  
10 example, a big part of the macroeconomic  
11 forecast is the federal funding, the  
12 reconstruction of federal funding. In  
13 reconstruction, that is funded by the  
14 federal funds obtained through FEMA or  
15 CDBG. It's the Community Block  
16 Development Program from the Housing and  
17 Urban Developing Department. And Puerto  
18 Rico has been allocated approximately  
19 \$20 billion for a series of initiatives  
20 that are being carried out. And that is  
21 one element of it.

22 The second element of it is  
23 the FEMA money, the Federal Emergency  
24 Management Agency or Administration, and  
25 as part of the reconstruction efforts